

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

City Council Chambers
915 I Street, Room 202
Sacramento, California 95814
April 26, 2001

PANEL MEMBERS

Marsha Kwalwasser
Acting Chairperson

David Brown
Member

Aram Hodess
Member

Robert Holstein
Member

Robert Lennox
Member

Patricia Murphy
Member

Tom Rankin
Member

Executive Staff

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

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I. CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 10:00 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chairperson
David Brown
Aram Hodess
Robert Lennox
Tom Rankin (left at 1:00 p.m.)

Member Absent

Robert Holstein
Pat Murphy

Executive Staff Present

Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

Ms. Kwalwasser asked for approval to modify the agenda by presenting items in the following order: 1) Reports of the Chairperson/Panel Members, 2) Report of the Executive Director, 3) Employment Development Department Presentation, 4) Report of the General Counsel, and 5) Review and Action on Agreements and Amendments.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the Agenda as modified.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the minutes of March 22, 2001, as written.

Motion carried, 5 – 0.

V. REPORTS OF THE PANEL MEMBERS

There were no reports for the Panel Members.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. DeMauro reported on the National and State AFL/CIO New Economy for Working Families Conference he attended recently in San Jose. The conference covered many of the same issues ETP is facing, such as, wage levels, recognition of efficient training, and career ladders. Also present at the conference was Michael Bernick, Director of Employment Development Department (EDD), who spoke on career ladders. Mr. Bernick used as a model The Kaiser Permanente Medical Group Project, which will be presented to the Panel at today's meeting.

Mr. DeMauro appeared before the Assembly Budget Committee, and reported the Committee will approve the request to delete the sunset date from Unemployment Insurance Code Section 976.6, which is that portion of the Code that deals with the Unemployment Insurance tax that funds the ETP program. The Committee questioned the Panel's performance in last year's \$15 million budget item targeted for high unemployment areas. Mr. DeMauro assured the Committee that he is confident all of the \$15 million targeted for the high unemployment areas will be allocated. Mr. DeMauro recommended the Panel continue targeting funds to the high unemployment areas and incorporate that intention into ETP's Strategic Plan. Mr. DeMauro suggested the Panel revisit the policies regarding employees who live in high unemployment areas but work in non-high unemployment areas, and increases in trainee wage rates after training.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel target \$15 million to the high unemployment areas and incorporate that allocation into ETP's Strategic Plan.

Motion carried, 5 – 0.

VII. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro presented the proposed regulations that were previously approved by the Panel for implementation as emergency regulations. The Office of Administrative

Law (OAL) approved the regulations on Special Employment Training projects and Workforce Investment Boards as emergency regulations effective January 8, 2001. The Panel then had 120 days to begin and complete the normal rulemaking process and submit a Certificate of Compliance to OAL by May 8, 2001. If the Panel fails to meet this deadline, the emergency regulations will automatically be repealed.

The regulations were noticed for a 45-day public comment period on March 2, 2001. Based on the comments received, staff determined that revisions to the proposed text were needed. All modifications to originally noticed text must be available for a 15-day comment period before the adoption of the regulation. Due to the May 8, 2001, deadline, the notice of modified text could not be postponed until this meeting because the 15-day comment period would cause a late submission of the Certificate of Compliance. Therefore, the revised language was sent out for a 15-day additional public comment period which will end on May 3. To date, no public comments from the 15-day period have been received.

Mr. DeMauro summarized the public comments received during the 45-day comment period and staff's response to the comments. Staff recommends that the Panel approve the staff's response and direct the staff to submit the Certificate of Compliance to OAL. Any additional modifications to the text would require an additional 15-day comment period which would delay the submission of the Certificate of Compliance beyond the deadline of May 8, 2001.

22 CCR §4400(ee) - "Frontline Worker" Definition: The proposed amendment would revise the definition of "frontline worker" to include small business owners whose main duties consist of directly producing or delivering goods or services.

No public comments were received on this amendment. Thus, no action is needed.

ACTION: Mr. Lennox moved and Mr. Brown seconded the Panel approve the proposed amendment to the definition of §4400(ee).

Motion carried, 5 - 0.

22 CCR §4400(hh) - "Working Poor" Definition: The proposed regulation would define the term "working poor" as workers who have stable, full-time employment which pays low wages and appears to lack career potential.

The comments received regarding this subsection state the term "earn low wages" is too vague. Mr. DeMauro stated this definition is consistent with other definitions used in the employment training arena. The broad definition allows the Panel flexibility as to what may be deemed working poor wage rates in one area as opposed to another area. Ms. Carrillo suggested rather than stating "earn low wages," the Panel may want to specify that the wages earned would be below the ETP minimum wage.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel approve the definition of §4400(hh) with the suggested amendment changing "earn low wages" to "wages earned would be below the ETP minimum wage."

Motion carried, 5 - 0. (Motion later rescinded. See Page 5.)

22 CCR §4400 (ii) - "High Unemployment Areas" Definition: The originally proposed regulation would have defined the term "high unemployment areas" as areas that contain either unemployment rates substantially higher than the unemployment rate for California or large numbers of unemployed.

Mr. DeMauro stated the original definition presented to the Panel was considered by commenters as too vague and needing further clarification. Staff agreed and recommend the Panel approve the following revised definition:

"High Unemployment Areas" means: (a) counties with unemployment rates which are at least 50 percent higher than the State average, based on the most recent Employment Development Department (EDD) unemployment statistics from its Labor Market Information Division (LMID); or (b) areas within Los Angeles county with unemployment rates which exceed the State average, based on the most recent EDD unemployment statistics from LMID and census data information."

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the revised definition of §4400 (ii).

Motion carried, 5 - 0.

22 CCR §4407 - Workforce Investment Boards: The proposed amendment would revise the criteria for Panel delegation of contract approval to apply to Workforce Investment Boards rather than Private Industry Councils. The proposed amendment would also establish guidelines concerning marketing contracts for Workforce Investment Boards.

The Panel Members were not comfortable with the regulatory language delegating contracting authority to the WIBs. Also, the Panel was concerned that it would not have an opportunity to see those contracts under \$100,000 being processed by the local WIBs with no prior performance record.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel hold this section over.

Motion carried, 5 - 0.

Mr. DeMauro recalled 22 CCR §4000(hh). He informed the Panel that, according to the rulemaking process, in making substantive changes, the regulation would have to be noticed again to the public for a 15 day comment period and, by doing so, the

deadline of May 8 would not be met and the regulation would automatically be repealed. He stated ETP will work with OAL to amend the proposed revision approved by the Panel into the §4000(hh) language at a later date, but, due to the current time restraint, he requested that the Panel approve sending the regulation forward to OAL with the originally presented definition.

ACTION: Mr. Rankin moved to rescind his original motion, Mr. Hodess seconded and motion carried, 5 - 0.

Mr. Rankin moved and Mr. Hodess seconded to adopt the §4000(hh) definition as originally presented with the term "low wages."

Motion carried, 5 - 0.

22 CCR §4409 - Special Employment Training Projects: The proposed regulation would revise the allowable categories of Special Employment Training to delete the existing categories and enact new categories to implement the new law.

Mr. DeMauro reported there were critical provisions in this regulation that had necessitated the need for the Emergency Regulation. Mr. DeMauro presented several revisions based on the comments submitted, as follows.

The first issue identified by the comments is that the word "discreet," as used in subsection (a)(5)(c) in the term "the same discreet industry," was not the correct spelling of the word.

Staff agree that the term should be "discrete" rather than "discreet" and recommends that the Panel approve the following revised language for subsection (a)(5)(c):

"The 90 day post-training employment retention period for trainees in this group may be completed with up to two participating eligible employers within 120 days, within the same discrete industry, if there is evidence of job security at the end of the retention period. The Panel may, upon a showing of good cause by the contractor, allow for the employment retention period to be completed with three employers, within the same discrete industry."

The next issue raised by the comments is that the term "significantly higher" contained in subsection (a)(6) is unclear and should be clarified.

Staff concur that the term should be clarified and recommends that the Panel approve the following revised language:

"The Panel may waive the ETP minimum wage requirements, as provided in UI Code Section 10201(f), for frontline workers in high unemployment areas of the State, as defined in §4400(ii)."

The final issue from the comments is that the phrase "ETP minimum wage" used in subsections (a)(4), (a)(5)(A), and (a)(6) is unclear and needs clarification. Commenter states that it was unable to find a definition of the term in any ETP statute or regulation.

Staff feel that this phrase is self-explanatory and does not need further clarification. Thus, no action is needed.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the modified language of regulation §4409.

Motion carried, 5 - 0.

22 CCR §4420 - Literacy Training: The proposed amendment would expand the types of trainees who are not subject to the literacy training restrictions. Mr. DeMauro stated the proposed amendment to §4420 provides the Panel with the authority to waive the literacy training hours requirement for frontline workers with multiple barriers to full participation in the labor force, welfare to work trainees, and working poor trainees in high unemployment areas of the State.

No public comments were received on this amendment. Thus, no action is needed.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve Regulation §4420.

Motion carried, 5 - 0.

VIII. EMPLOYMENT DEVELOPMENT DEPARTMENT

Michael Bernick, Director of Employment Development Department (EDD), Bob Marr, Assistant Director, Workforce Policy and Systems Building, EDD, and Brady Bevis, Consultant, Director of Bay Area Multimedia Information Technology Partnership, were present in support of the Governor's Information Technology Initiative. Mr. Bernick proposed a statewide joint training program with EDD, ETP, and local WIBs to provide training for unemployed and underemployed workers for middle level Information Technology (IT) positions by means of a \$10 million, two-year master training agreement. EDD would market to local WIBs. All WIB subagreements will be submitted to the Panel for review and approval. Each agreement will conform in its terms and conditions to a standard ETP training contract so that wage, performance, and other requirements are adhered to. Wages for new hires in mid-level IT positions will average \$10 per hour and increase to an average \$12 per hour one year after the initial hire. In specific IT occupations, such as personal computer technician, the starting wage range is expected to be \$12 - \$15 per hour at time of hire. Mr. Hodess asked for a confirmation that the focus would be on the high unemployment areas throughout the State. Mr. DeMauro explained when the project was initially discussed, the Central Valley was the main focus

of high unemployment areas, but he will see that the master agreement includes assurance that the target will include high unemployment areas throughout the State. Mr. Hodess asked if there was going to be an across-the-board employer contribution. Mr. DeMauro replied there will be a more in-depth discussion at next month's Panel meeting regarding employer contributions. He stated there will be some kind of employer contribution requirement. Ms. Kwalwasser questioned how the local WIBs were going to be trained. Mr. Bernick replied the first step will be to start meeting regionally and marketing on a one-on-one basis. Mr. Rankin questioned why the project is proposed for two years and not one year to see if this program proves successful. Mr. DeMauro replied, on a project such as this, progress reports would be made regularly, possibly every 3-4 months. Mr. Lennox recommended the two-year project on the basis that the techforce (high tech workers) will comprise the industry of the future.

ACTION: Mr. Lennox moved and Mr. Brown seconded the Panel approve funding the proposed project for two years.

Motion carried, 5 – 0.

Mr. DeMauro stated the Panel, at one time, presented local economic development reports from throughout the State. He asked the Panel if they would like to continue those presentations. Ms. Kwalwasser stated she believed the information on local economic development would give the Panel a valuable overview on local economic conditions.

IX. CONSENT CALENDAR -- AGREEMENTS/AMENDMENTS USUALLY APPROVED BY THE EXECUTIVE DIRECTOR

Convenant Care, Incorporated (SET) was withdrawn from consideration at this month's Panel meeting.

Nautronix, Inc.
Taylor-Listug
Airgas Direct
Aura Systems, Inc.
Banner Pharmacaps, Inc.
Bookbinders Company
Cover-All, Inc.
Swift-Cor Engineering
Warner Bros. Studios
Spectra-Physics
System Studies, Inc.
CCT Computer
Hormel Foods Corp.

ACTION: Mr. Rankin moved to have the Agreements and Amendments that are under \$100,000 and usually approved by the Executive Director be approved by the Panel as a group, with the exception of Simple Pleasure Salon & Spa. Mr. Brown seconded the motion.

Motion carried, 5 – 0.

Quebecor World

Ms. Carrillo announced that Quebecor World was erroneously listed under Agreements/Amendments with a Single Employer and should be included in the group under \$100,000 that are usually approved by the Executive Director.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel approve Quebecor World.

Motion carried, 5 – 0.

X. AGREEMENTS AND AMENDMENTS

Government Employees Insurance Company (GEICO)

Diana Torres, manager of ETP's San Diego field office, presented an Amendment for Government Employees Insurance Company (GEICO) in the amount of \$75,962 to retrain 92 additional employees. GEICO's Western Regional Headquarters in Poway, California, provides services to customers in California, Alaska, Arizona, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, and Washington. The Contractor projects to complete all training for the Phase I trainees in the original contract by summer 2001 and will fully earn the maximum Agreement amount. The Amendment does not change the integrity of the training goals or the original intent of the original ETP Agreement. This training will assist the Company as it transitions to a high performance workplace. Phase II training is in line with the Contractor's original plan to start with a select group of trainees, with the goal of increasing the number of retrainees upon performance.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the proposed Amendment.

Motion carried, 5 – 0.

Rohr, Incorporated

Ms. Torres presented a One-Step Agreement for Rohr, Incorporated, a subsidiary of the BF Goodrich Company, operating as BF Goodrich Aerospace/Aerostructures, Group. This third proposed ETP-funded training will continue to implement the company's adoption of Continuous Improvement processes begun in the prior ETP Agreements.

Training will consist of Continuous Improvement and Manufacturing Skills for 483 current employees in the amount of \$600,118. The Contractor estimates training costs not covered by ETP funds will be approximately \$325,239 for wages paid to employees during training and \$47,500 for other training related expenses.

Ms. Torres introduced Juan “JJ” Perez, General Manager and Value System Leader of BF Goodrich; Susie Robinson, Continuous Improvement Specialist at BF Goodrich; and Al Rosales, Business Representative of District Lodge 725, International Association of Machinist and Aerospace Workers. Ms. Robinson described the Dale Carnegie Training as teaching the principles of treating each other with mutual trust and respect, promoting teamwork and communication with the entire workforce.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

Continental Data Graphics

Ron Tagami, manager of ETP’s North Hollywood field office, presented a One-Step Agreement for Continental Data Graphics, a wholly owned subsidiary of the Boeing Corporation, in the amount of \$780,800 to retrain 640 workers. Continental Data Graphics manufactures complex and highly detailed parts manuals, technical catalogs, and booklets. Based on ETP’s prior funding of projects for the Contractor and prior Agreements exceeding \$250,000 in the last five years, a substantial contribution of \$334,800 (30 percent) has been applied to this Agreement.

Mr. Tagami introduced Susan Hennings, Vice President of Human Resources, and Valerie Holden, Manager of Training. Ms. Hennings stated that after the purchase by Boeing, which is a high technology corporation, it was apparent Continental Data Graphics needed to supplement its training to provide the workforce with the technical expertise required.

Mr. Brown recused himself from the vote.

ACTION: No action could be taken on the Continental Data Graphics project due to a lack of a quorum. The project will be brought back to the next scheduled Panel meeting.

DACOR

Mr. Tagami presented a One-Step Agreement for DACOR (Distinctive Appliances, Inc.) in the amount of \$452,418 to retrain 361 employees in Continuous Improvement, Business Skills, Computer Skills, Manufacturing Skills, and Management Skills. DACOR is a family-owned kitchen appliance manufacturer.

Mr. Tagami introduced Larry Hood, Director of Corporate Training, and Deborah Gibbons, Training Coordinator. Mr. Hood stated in the last two years, DACOR has increased its size by 59 percent and will be hiring an additional 40 employees by July 1, 2001.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

Executive Software International, Inc.

Mr. Tagami presented a One-Step Agreement for Executive Software International, Inc., in the amount of \$169,780. Executive Software develops system management tools to enhance the speed and performance of Microsoft Windows NT. Executive Software International plans to train 95 employees in Continuous Improvement, Computer, Business and Commercial Skills.

Mr. Tagami introduced Danny Chadwell, Director of Executive Software International, Inc. Corporate Affairs, and David Kutner, President of Applied Training Technologies, Consultant.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

Seminis, Inc.

Mr. Tagami presented a One-Step Agreement for Seminis, Inc., in the amount of \$211,960. Seminis, headquartered in Oxnard, California, is the largest developer, producer, and marketer of vegetable seeds in the world. Seminis plans to retrain 176 workers in Continuous Improvement, Management Skills, and Computer Skills to make the research, production, and marketing functions more efficient and to improve product quality and work processes in order to remain viable in the California economy.

Mr. Tagami introduced Thomas Stephenson, Director, Human Development & Competitiveness.

ACTION: Mr. Lennox moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

Teledyne Technologies

Mr. Tagami presented an Amendment for Teledyne Technologies reducing the training hours for 45 trainees in the original Agreement from 80-200 hours per trainee to 40 hours per trainee and adding 16 hours of Manufacturing Skills and Continuous Improvement training for an additional 235 newly hired employees. The Contractor is requesting the Amendment for a net increase of \$67,600.

Mr. Tagami introduced James MacLeod, Director, Human Resources & Compensation. Mr. Rankin questioned the Company's high turnover rate. Mr. MacLeod explained that the Los Angeles facility produced a wide variety of products until last year when the demand for some products decreased. He stated the Company chose to develop a new product line of commercial fiber optics to prevent layoffs. He stated the new business line has been so successful that the Company hired 250 additional workers and the Amendment will provide additional funding to train 235 of those newly hired workers. The Contractor expects to retain all of the 65 trainees in the original Agreement.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the Amendment.

Motion carried, 5 – 0.

Coca-Cola Bottling Company of Northern California, Inc.

Creighton Chan, manager of ETP's San Mateo field office, presented a Proposed Agreement for Coca-Cola Bottling Company of Northern California, Inc. (NORCAL), in the amount of \$446,864 to retrain 569 employees in Manufacturing Skills, Continuous Improvement, and Computer Skills. Teamsters Locals 70, 78, and 896 support the training for their union members. If the Panel approves this Proposed Agreement, staff will prepare a Final Agreement contingent upon the Company providing for staff review a final approved curriculum, an administrative subagreement and a listing of any proposed training vendors, and a final, signed Certification Statement.

Mr. Chan introduced Dale Ochs, Area Vice President, and Kelly Moore Conway, Training and Development Manager of Coca-Cola Bottling Company of California; and Dennis Hart, Business Agent, Teamsters Local No. 78. Mr. Hodess commended the Company for its budgeted amount of \$215,000 per year for training.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the Proposed Agreement and delegate authority to approve the final Agreement to the General Counsel.

Motion carried, 5 – 0.

New United Motor Manufacturing, Incorporated (NUMMI)

Mr. Chan presented a One-Step Agreement for New United Motor Manufacturing Incorporated (NUMMI) in the amount of \$1,582,036. This project is a direct result of marketing efforts of the California Manufacturers & Technology Association (CMTA) and proposes to retrain 1,407 frontline workers NUMMI plant in Fremont. NUMMI will be producing a completely different line of automobile that will require its production employees to acquire the skills and ability to implement the new processes by learning new production techniques, and new equipment operations. The International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, UAW Local 2244, supports this training Agreement.

Mr. Chan introduced Michael Damer, Manager Learning & Development, NUMMI; and Tito Sanchez, President of UAW Local 2244; and Matt Maynard from CMTA. Mr. DeMauro stated this the first Agreement between NUMMI and ETP in over ten years. He stated the previous projects were very successful.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

Unigen Corporation

Mr. Chan presented Proposed Agreement for Unigen Corporation in the amount of \$129,840 to retrain 71 employees. Unigen Corporation is a manufacturer, designer, and distributor of multimedia board products or memory modules that are used in personal computers, networking, telecommunications, and mobile computing industries. Unigen is expanding its Fremont facility and changing its current operating system from a manual process to an advanced automated system.

Mr. Chan introduced Sacha Heng, Executive Vice President Operations, Pamela Ojeda, Human Resources Manager, and David James, Vice President and Chief Technology Officer. Mr. Brown inquired about Unigen's turnover rate. Mr. James replied Unigen's turnover rate is 12 percent, which is very low for the Bay Area. Mr. Hodess asked if the Company has an annual training budget. Mr. James replied the Company has not had a training budget in the past but will be going forward with continuous improvement, literacy, and communication skills training.

ACTION: Mr. Lennox moved and Mr. Brown seconded the Panel approve the Proposed Agreement as proposed.

Motion carried, 5 – 0.

Johns Manville International, Inc.

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for retraining 227 employees in the amount of \$272,016. This project was brought to ETP through the marketing efforts of CMTA. Proposed training is for the plant in Willows, which manufactures building insulation products consisting mainly of wool fiberglass insulation for walls, attics, and floors in residential and commercial buildings. The Willows plant is located in Glenn County, which is a county with high unemployment rates that exceed the state average by 50 percent or more. Officials of Johns Manville estimate training and training-related costs not covered by ETP funds to be \$250,000 and estimated wages to be paid to trainees during ETP training to be \$614,760.

Mr. Rufo introduced Robert Fandl, Human Resources Manager; Marianne Krantz, Training and Safety Specialist; and Duane Nelson, Plant Manager, all representatives from Johns Manville International, Inc.; and Matt Maynard, representative from CMTA.

ACTION: Mr. Lennox moved and Mr. Rankin seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

Pacific Coast Building Products, Inc.

Mr. Rufo presented a One-Step Agreement for Pacific Coast Building Products, Inc., in the amount of \$2,442,250 to retrain 1,000 employees in Computer Skills. Pacific Coast Building Products manufactures and distributes diversified building materials. Company officials have committed Pacific Coast Building Products to a company-wide training program due to the recent acquisition of an enterprise resource planning computer networking system. Pacific Coast Building Products estimates training and training-related cost not covered by ETP funds to be \$5,000,000 and wages to be paid trainees during training to be \$2,264,000. Due to the complex nature of the training and the need to customize the training to the level of individual users, the Contractor is requesting a ratio of three hours of structured, on-site training for every hour of classroom/laboratory training for trainees in Jobs 3 and 4 and training hours in excess of the standard 200-hour limit for trainees in Jobs 4 and 5.

Mr. Rufo introduced Mark Ingram, Managing Director of Operational Services. Mr. Ingram explained the lack of performance on the previous ETP Agreement was due to an unexpected increase in business. He stated the training on this project will be given top priority and focus will be directed on day-to-day activity associated with accomplishing the training. Ms. Carrillo stated this project will be monitored on a regular basis.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5–0.

WESGO, A Division of Morgan Advanced Ceramics, Incorporated

Mr. Rufo presented an Amendment for WESGO, A Division of Morgan Advanced Ceramics, Incorporated, increasing the original Agreement, which was approved in December 1999, by \$58,970. Following a skills evaluation on trainees, WESGO found that its computer systems data collection process and accuracy of the data were inadequate. To be able to accurately track, monitor, and react to supply orders, WESGO is replacing its Information Technology (IT) system with a new, PC based, Internet accessible system. Because WESGO is going to the new IT system, the Company has identified 54 additional trainees who need to participate in the proposed training.

Mr. Rufo introduced Rob Maxwell, Quality Assurance Manager.

ACTION: Mr. Lennox moved and Mr. Brown seconded the Panel approve the Amendment as proposed.

Motion carried, 5 – 0.

NTMA Training Centers of Southern California

Mr. Tagami presented a One-Step Agreement for NTMA Training Centers of Southern California in the amount of \$1,536,000 to retrain 500 employees in Advanced Technology Computer Skills. NTMA trains new employees and retrains existing employees for small and medium-sized machine shops in the metal trades industry.

Mr. Tagami introduced Irv Hart, CEO/Executive Director. Mr. Hodess commented on the quantifiable commitment from participating employers estimated to be \$815,000. Mr. Hart stated the participating employers contribution pays for the wages paid to trainees while in training and covers the cost of books.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel approve the proposed One-Step Agreement.

Motion carried, 5 – 0.

Alameda Computer Center, Inc.

Mr. Chan presented a One-Step Agreement for Alameda Computer Center (ACC), Inc., in the amount of \$561,760. To meet employer demand for certified computer hardware and service technicians, Alameda Computer Center will train 100 ETP-eligible new-hire trainees. Continuous feedback from employers on the effectiveness of the training is pursued by ACC staff through on-going contact with participating employers during the 90-day retention period. Employers who have routinely hired graduates are contacted

regarding the employee's performance and adjustments are made to the curriculum in order to better serve the employers' needs.

Mr. Tagami introduced JoAnna Wilson, Executive Director, and Norris Moore, Director of Admissions & Recruitment. Ms. Wilson stated their experience with training and retaining the welfare to work population proved to be unsuccessful. She stated the main reason for the overpayment on the last contract was due to not being able to retain the welfare to work trainees due to their multiple barriers to employment. Ms. Wilson said there are no welfare to work trainees included in this project.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

Lockheed Martin IMS

Ms. Kwalwasser presented Bruce Lee, Chairman, UAW Labor, Employment and Training Corporation. Mr. Lee spoke on behalf of Lockheed Martin IMS, which had withdrawn its project from consideration at last month's Panel meeting and was not heard. Mr. Lee introduced Sally Hazzard, Director of Lockheed Martin California Operations, and Jenny Marinko, Supervisor of Employment Success Program, Lockheed Martin. Ms. Hazzard spoke on the success of the first ETP Welfare-to-Work Project. She stated Lockheed Martin is requesting funds for a second Welfare-to-Work Project to train 1,370 individuals in Vocational Skills, Soft Skills/Life Skills. The proposed Agreement consists solely of 600 hours of structured-on-site training (SOST) including on-the-job coaching at the employers' job sites. The Vocational Skills training will be customized to meet the needs of each individual participating employer and will equip the trainees with job skills for long-term employment opportunities. The Soft Skills/Life Skills training is designed to help trainees interact successfully with others and help to balance work and personal life. She stated each participating employer is committed to the training and will be paying the wages of the trainees while they are in the ETP-funded training. Ms. Kwalwasser and Mr. Hodess voiced their concern with the high number of training hours and high cost of training for each trainee. Ms. Hazzard explained the special training and attention required for the welfare to work population necessitate at least 600 hours of SOST. Ms. Marinko stated the training for the welfare-to-work trainee focuses on problem solving, individual strengths and weaknesses, job ethics, and career management. Mr. Hodess stated his concern regarding the welfare trainee not being able to afford being off welfare because of employment with very low hourly wage rates. Steve Duscha, Consultant, explained that since the Welfare-to-Work programs are relatively new, there has not been enough time to compile data on the effectiveness of the ETP training projects. Mr. Brown commented on the effort required to break the "welfare cycle." He complimented Lockheed on being able to achieve a 76 percent completion rate on the first ETP Welfare-to-Work project.

With the absence of Mr. Rankin, there was not a quorum present to act on this and the following projects. Mr. DeMauro stated the Panel will be acting as a Committee of the Whole. The Contractors in attendance will give their presentations to the Panel members present sitting as a Committee of the Whole, but action will not be taken until the next scheduled Panel meeting with a full quorum.

Copper Connection

Mr. Tagami presented a Proposed Agreement for Copper Connection, Inc. in the amount of \$1,286,675 to retrain 730 frontline workers employed by various manufacturers and other eligible employers facing out-of-state competition. Training for engineers, designers, and drafters in this proposal will include accelerated AutoCAD skills with emphasis on manufacturing technologies, and Engineering and Manufacturing Soft Tools training. The Contractor's representative states that the reimbursement rate of \$20 per hour is inadequate to cover the cost of training and plans to submit Budget Workpapers justifying rates similar to their catalog price range of \$28.40 - \$35.71 per hour. Staff recommends Panel approval contingent upon the Contractor providing acceptable curricula, a signed Primary Contractor's Certification Statement, and Budget Workpapers if the Panel agrees to a reimbursement rate higher than \$20 per hour.

Mr. Tagami introduced Mary Sugden, Chief Executive Officer of The Copper Connection, Inc., and Robert Spaniol, Engineering Manager of PCB Engineering, Inc. Ms. Sugden requested the Panel waive the budget process for this project. She stated Copper Connection is not requesting an increase in the price range. It is submitting the same types of technology training as was submitted in three previous Agreements, all of which included budget workpapers. Mr. DeMauro stated in his discussion with the Contractor, the Contractor had agreed to submit a budget for this project justifying the higher rate. Mr. DeMauro said if the Contractor does not want to submit a budget for a higher training cost, the alternative option is to agree to the \$20 per hour rate and charge any cost not defrayed by ETP funds to participating employers. Ms. Carrillo stated that the Panel has taken steps to require contributions from employers. She stated ETP analyzed the previous reimbursement rate of \$13 per hour and found the rate was inadequate for high technology training and the rate was increased to \$20 per hour. Mr. DeMauro stated SB 43 mandates that there be employer contribution. He said if the \$20 per hour reimbursement is inadequate to cover Copper Connection's costs, then the Contractor can either submit a budget justifying the higher cost, or charge participating employers to defray the additional amount.

Advanced Career Technologies Institute

Mr. Rufo presented a One-Step Agreement for Advanced Career Technologies Institute (ACTech Institute) in the amount of \$916,823 to train 125 unemployed individuals from several high unemployment counties. ACTech Institute is a computer learning center training hardware/ software/LAN support technicians. ACTech officials have reported

that they expect a significant portion of the trainees to be individuals undergoing a complete career change with little more than a cursory association with computer technology. Substantial training will be provided in software and hardware application systems, troubleshooting skills, desktop support, network systems administration, and the installation and servicing skills to meet the employers' needs. An in-kind contribution of approximately \$58,678 will be incurred by the Contractor for recruitment costs.

Mr. Rufo introduced John Klinghardt, Director. Mr. Hodess stated he considered the computer training being proposed to be generic. Mr. Klinghardt stated the training provided by ACTech is to transition individuals from the welfare environment with little or no computer knowledge into jobs with skills that will keep them employed. Employer assessment results have shown a demand for individuals with computer skills.

Kraft Foods, Inc. - Visalia

Mr. Rufo stated that presenters as a rule are not required to be present for proposing Amendments that are less than \$100,000. Due to the lack of a quorum, this project will be presented at the next Panel meeting.

HomeBase, Inc.

Ms. Torres presented a One-Step Agreement for HomeBase, Inc. in the amount of \$1,533,120 to retrain 991 employees. Due to severe competition from other home improvement companies and the possibility of closing the HomeBase stores, HomeBase is converting from a home improvement business to one specializing in home furnishings and garden products. HomeBase projects that half of its California HomeBase employees will be retained. During the anticipated nine week transformation period, the retained employees will be in training. The Company is requesting a waiver of the ETP-required 20 percent annual turnover rate. HomeBase, Inc. projects a 28 percent turnover rate for its new House2Home stores. Turnover rate language is included in the Agreement Terms and Conditions that specifies the final 25 percent progress payment will be earned only if the Contractor achieves an average turnover rate of 28 percent or less for the last 12 months of the Agreement. The Company is also requesting a waiver of the standard 1:2 ETP Classroom training hours to SOST training hours ratio. Company representatives state that SOST is an effective method of training in the occupations that are targeted by this ETP-funded training. SOST will be provided as employees set up and merchandise the stores prior to re-opening, and some SOST may also be provided following the re-opening of each store.

Ms. Torres introduced Connie Tolleson, Vice President of Human Resources. Ms. Tolleson stated HomeBase estimates \$4.2 million will be paid to employees for wages while in the ETP-funded training. Mr. DeMauro explained a Company is deemed to be facing out of state competition if it meets certain criteria. One of the categories for meeting the criteria requires the applicant to be located in California, and to be the Corporate Headquarters of a company that does significant business outside of

California. In addition to the Corporate Headquarters, a company's facility is eligible if it provides significant support services to the company's offices, operations, divisions, branches, stores, or franchises located outside of California. Mr. DeMauro indicated the Panel could find that this project fits within a broad application of the out-of-state competition regulation, since the Corporate Headquarters is located in California and the Company does significant business outside California. In interpreting the regulation broadly so as to allow approval of this project, the Corporate Headquarters would be protected from out-of-state competition since the Company appears to be in jeopardy of going out of business. Mr. DeMauro further informed the Panel that California courts have stated that an agency is the best interpreter of its own regulations.

Mariner Post Acute Network, Inc.

Mr. Tagami presented a One-Step Agreement for Mariner Post Acute Network, Inc. in the amount of \$522,000 to train 18 new hires and retrain 132 welfare to work individuals as Certified Nurse's Assistants. The Contractor is paying \$278,740 for wages to workers while in training and \$49,500 for other training related costs for pre-screening and hiring of welfare to work applicants for this training project. The Service Employees International Union (SEIU) is not in support of this proposed training and therefore, those facilities with employees represented by SEIU are not included in this project. The Teamsters Union Local 856, representing employees at the Creekside facility in San Pablo does support the training. No other Mariner facility included in this project has union representation.

Mr. Tagami introduced Lori Stewart, Regional Director of Human Resources West Region; Debbie Friedman, Regional Vice President – Operations Northern California; Kelly Atkins, Regional Vice President – Operations Southern California; and Dr. Frank Chavis, Ph.D., Ed.D., President/CEO of World Solutions Group, Inc., Consultant. Dr. Chavis pointed out that this project meets two Panel legislative priorities, training welfare to work individuals for quality jobs, and training for occupations with career ladders.

California State University Fresno Foundation

Mr. Rufo presented a Proposed Amendment for California State University (CSU) Fresno Foundation in the amount of \$224,640 to add 80 welfare-to-work trainees to receive 330 hour of structured, on-site training in Business Skills. The trainees will come from several counties in high unemployment rate areas. Due to problems with enrollment and working with a different welfare-to-work trainee population, staff recommends approval of CSU Fresno Foundation's request for a waiver of ETP's contract performance requirements.

Mr. Rufo introduced Kathryn Dunham, Programs Development Coordinator; and Richard Fossee, Owner, Technical Training Resources, Consultant.

The Permanente Medical Group, Inc.

Mr. Chan presented a Proposed Agreement for The Permanente Medical Group, Inc. in the amount of \$93,600 to retrain 45 retrainees under the Special Employment Training joint development effort between ETP and the Employment Development Department California Career Ladders to the 21st Century project. This project will provide workers in low-wage jobs the skills necessary to advance to higher-paying jobs in health care with the potential for career advancement opportunities. The Permanente Medical Group has teamed with the Health Care Workers Union, SEIU Local 250 to create career-advancement training for entry-level workers to become medical assistants. The medical assistant training will help foster good, upward mobile jobs predominately for people who often remain in jobs considered “dead-end.”

Mr. Chan introduced Elizabeth Brashers, Project Manager Patient Care Services; Irene Moreno, Project Coordinator from SEIU; and Edward Chiera, President of Edward Chiera & Associates.

Simple Pleasure Salon & Spa

Due to the lack of a quorum, this project will be presented at the June Panel meeting to be held in Concord.

XI. PUBLIC COMMENT

There were no members of the public who wished to comment.

XII. EXECUTIVE SESSION

There was no Executive Session.

XIII. ADJOURN

There being no further business and no objection, the meeting was adjourned at 4:10 p.m.